

Message Text

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SUBJ: MEDIA REACTION

1. U.S. ECONOMIC ASSISTANCE TO PORTUGAL: IN ADDITION TO ARTICLE ANNOUNCING DEPARTURE OF FINANCE MINISTER MEDINA CARREIRA TO NEGOTIATE LOANS, DECEMBER 17 "EXPRESSO" CARRIED FULL-PAGE ARTICLE BY (PSEUDONYM) FERNANDO MARQUES ON PROPOSED USG-LED CONSORTIUM LOAN TO PORTUGAL. ARTICLE STATED BILATERAL CREDIT OF \$300 MILLION HAD ALREADY BEEN GRANTED AND, THEREFORE, DID NOT DISCUSS IT. AUTHOR, WHO EVIDENTLY IS SYMPATHETIC TO THE PROPOSAL, RAISED SEVERAL QUESTIONS. PRINCIPALLY, HE EXPRESSED CONCERN THAT ACHIEVEMENT OF CONSORTIUM OBJECTIVE, I.E. CONSOLIDATION OF PORTUGUESE DEMOCRACY, MIGHT NOT BE ACHIEVED IF LOAN IS ADMINISTERED BY IMF. STATEMENT BASED ON ASSUMPTION THAT IMF WOULD CONSIDER ONLY ECONOMIC CRITERIA AND NOT GIVE SUFFICIENT WEIGHT TO PORTUGUESE POLITICAL NECESSITIES. AUTHOR DID, HOWEVER, CONCEDE THAT PORTUGAL MAY SOON BE OBLIGED TO CONCLUDE STANDBY AGREEMENT WITH IMF. HE DISCOUNTED RUMORS THAT USG WAS IMPOSING POLITICAL CONDITIONS FOR LOAN. RATHER, HE INSISTED, CONDITIONS WOULD BE UNCLASSIFIED

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STRICTLY ECONOMIC, WITH OBJECTIVE OF INSURING LOAN'S REPAYMENT. AS AN EXAMPLE, HE CITED THE NEED TO REDUCE BUDGET DEFICIT. SINCE SUCH A REDUCTION SIGNIFIES REDUCED PUBLIC PURCHASING POWER, HE ASSERTED, PORTUGUESE WOULD TEND TO REACT NEGATIVELY UNLESS THEY FULLY COMPREHEND THE NEED FOR SUCH POLICIES. HE URGED, THEREFORE, THAT LOAN UNDERGO THOROUGH PUBLIC DISCUSSION

PRIOR TO ITS CONCLUSION.

2. OIL PRICE INCREASE; PORTUGUESE PRESS DECEMBER 17 RAN FRONT-PAGE NEWS REPORTS ON OIL PRICE INCREASE AND DECISION OF SAUDI ARABIA TO ABANDON OPEC CONFERENCE.

3. SPANISH REFERENDUM: ELECTION RESULTS OF REFERENDUM RECEIVED FRONT-PAGE COVERAGE. "DIARIO DE NOTICIAS" DECEMBER 17 RAN ARTICLE ENTITLED, "THE SIGNIFICANCE OF THE REFERENDUM IN SPAIN: 'YES' TO DEMOCRATIC ELECTIONS." "JORNAL NOVO" DECEMBER 16 COMMENTED, "THE SPANISH GOVERNMENT WON A OVERHELMING VICTORY FOR ITS PLANS TO TRANSFORM THE DICTATORSHIP OF THE LATE GENERAL FRANCO INTO A PARLIAMENTARY DEMOCRACY."

4. CARTER APPOINTMENTS: THE NOMINATION OF ANDREW YOUNG RECEIVED PAGE-ONE COVERAGE IN DECEMBER 17 "DIARIO DE NOTICIAS." "JORNAL NOVO" DECEMBER 16 CARRIED SMALL ITEM ABOUT TASS ATTACK ON CYRUS VANCE.

5. NATO: "DIARIO DE NOTICIAS" DECEMBER 16 CARRIED MODERATELY CRITICAL FEATURE ON NATO STRATEGY IN ARTICLE ENTITLED, "PREPARING FOR WAR IN ORDER TO MAINTAIN PEACE." "EXPRESSO" DECEMBER 17 CONTAINED SMALL ARTICLE FAVORABLY STRESSING THE IMPORTANCE OF PORTUGUESE PARTICIPATION IN NATO.
HOWARD

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